



Shell Midstream Partners, L.P. (SHLX) Q3 2016 Results

November 3, 2016

John Hollowell
Chief Executive Officer

Definitions and Cautionary Note

This presentation includes various “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning management’s expectations, beliefs, estimates, forecasts, projections and assumptions. You can identify our forward-looking statements by words such as “anticipate”, “believe”, “estimate”, “budget,” “continue,” “potential,” “guidance,” “effort,” “expect”, “forecast”, “goals”, “objectives”, “outlook”, “intend”, “plan”, “predict”, “project”, “seek”, “target”, “begin”, “could”, “may”, “should” or “would” or other similar expressions that convey the uncertainty of future events or outcomes. In accordance with “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, which could cause future outcomes to differ materially from those set forth in forward-looking statements. In particular, expressed or implied statements concerning future actions, future drop downs, volumes, capital requirements, conditions or events, future impact of prior acquisitions, future operating results or the ability to generate sales, the potential exposure of Shell Midstream Partners to market risks, and statements relating to expected EBITDA, future growth, income, cash flow and the amount of distributions are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations may differ materially from those expressed in these forward-looking statements. Forward-looking statements speak only as of the date of this presentation, November 3, 2016 and we disclaim any obligation to update such statements for any reason, except as required by law. All forward-looking statements contained in this document are expressly qualified in their entirety by the cautionary statements contained or referred to in this paragraph. Many of the factors that will determine these results are beyond our ability to control or predict. These factors include the risk factors described in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015, as updated by our other filings with the SEC. If any of those risks occur, it could cause our actual results to differ materially from those contained in any forward-looking statement. Because of these risks and uncertainties, you should not place undue reliance on any forward-looking statement.



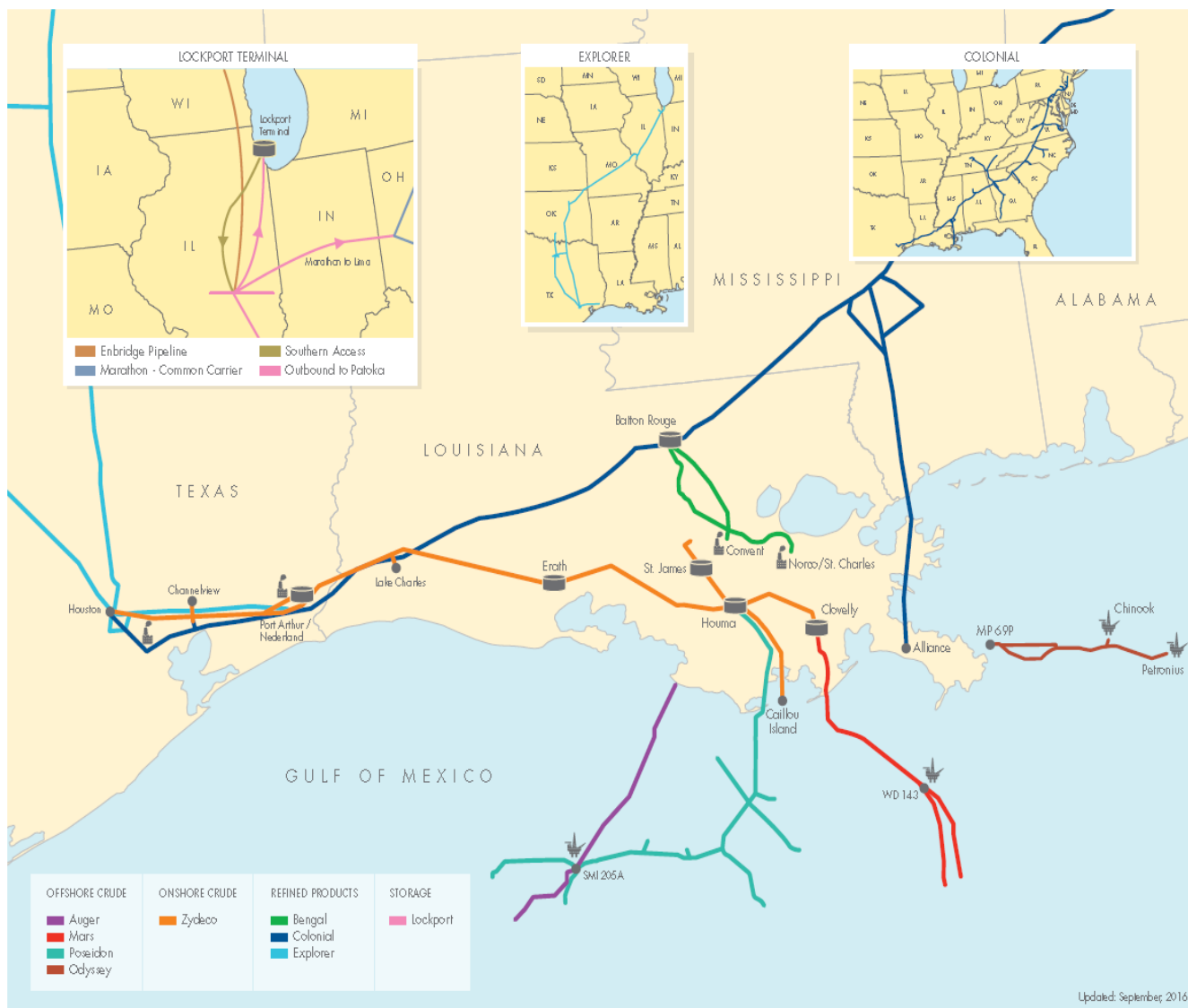
Building Our Footprint in the Offshore



- \$350 million drop down:
 - 49% interest in Odyssey Pipeline
 - 20% interest in Mars Pipeline
- Financed with a combination of cash on hand and debt from our upsized revolving credit facility
- Strategic Rationale
 - Mars: additional interest in an asset with track record of delivery
 - Odyssey: located in active area of Eastern Gulf of Mexico, private pipeline offers unique commercial flexibility



Portfolio Overview



Onshore Crude	SHLX	Shell
Zydeco	92.5%	7.5%

Offshore Crude	SHLX	Shell
Auger	100%	0.0%
Mars ⁽¹⁾	48.6%	22.9%
Odyssey ⁽¹⁾	49.0%	22.0%
Poseidon	36.0%	0.0%

Products	SHLX	Shell
Bengal	50.0%	0.0%
Colonial	6.0%	10.12%
Explorer	2.62%	35.97%

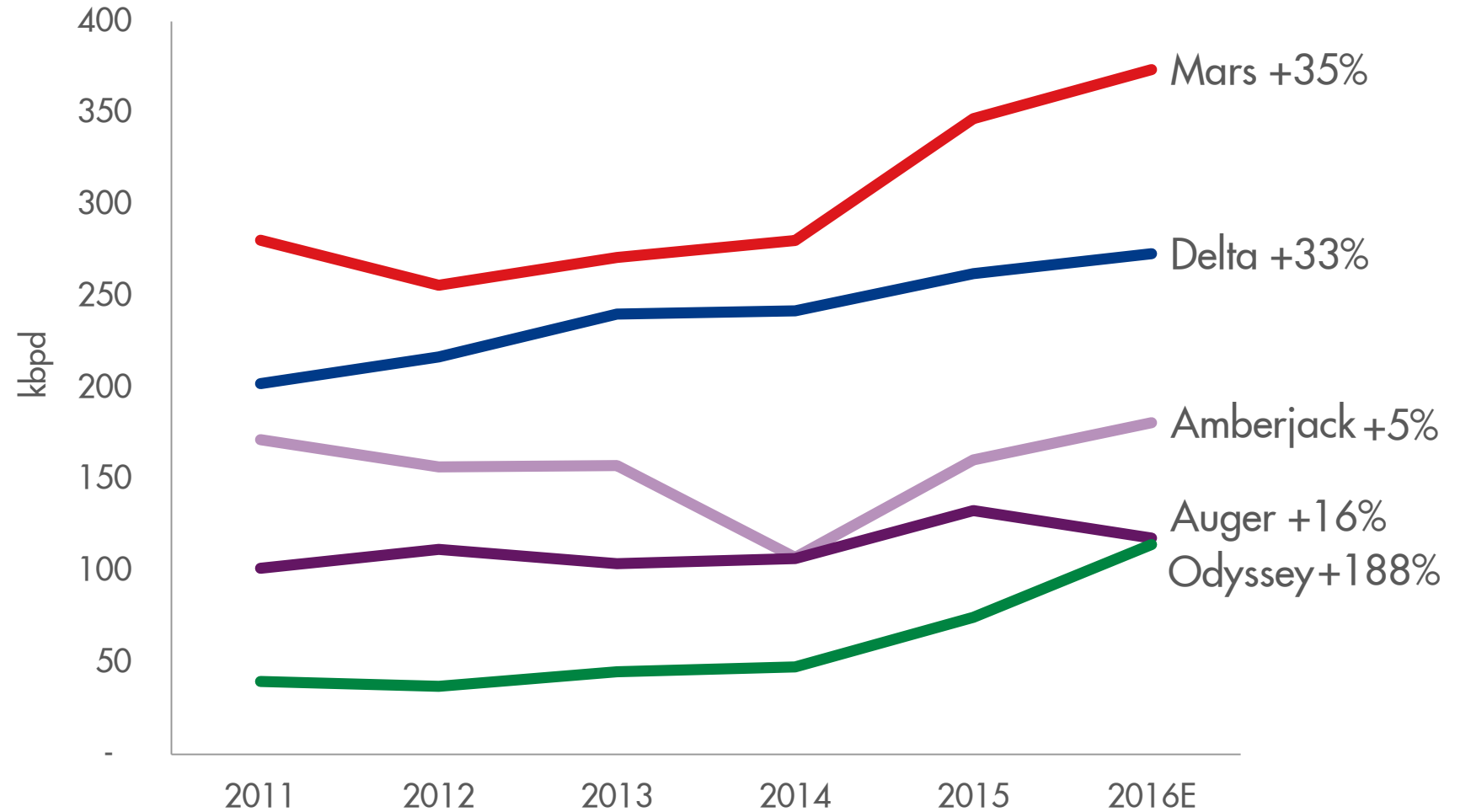
Storage	SHLX	Shell
Lockport	100.0%	0.0%

(1) 49% interest in Odyssey and 20% interest in Mars effective October 1, 2016. Results are not reflected in the financial statements ending September 30, 2016.

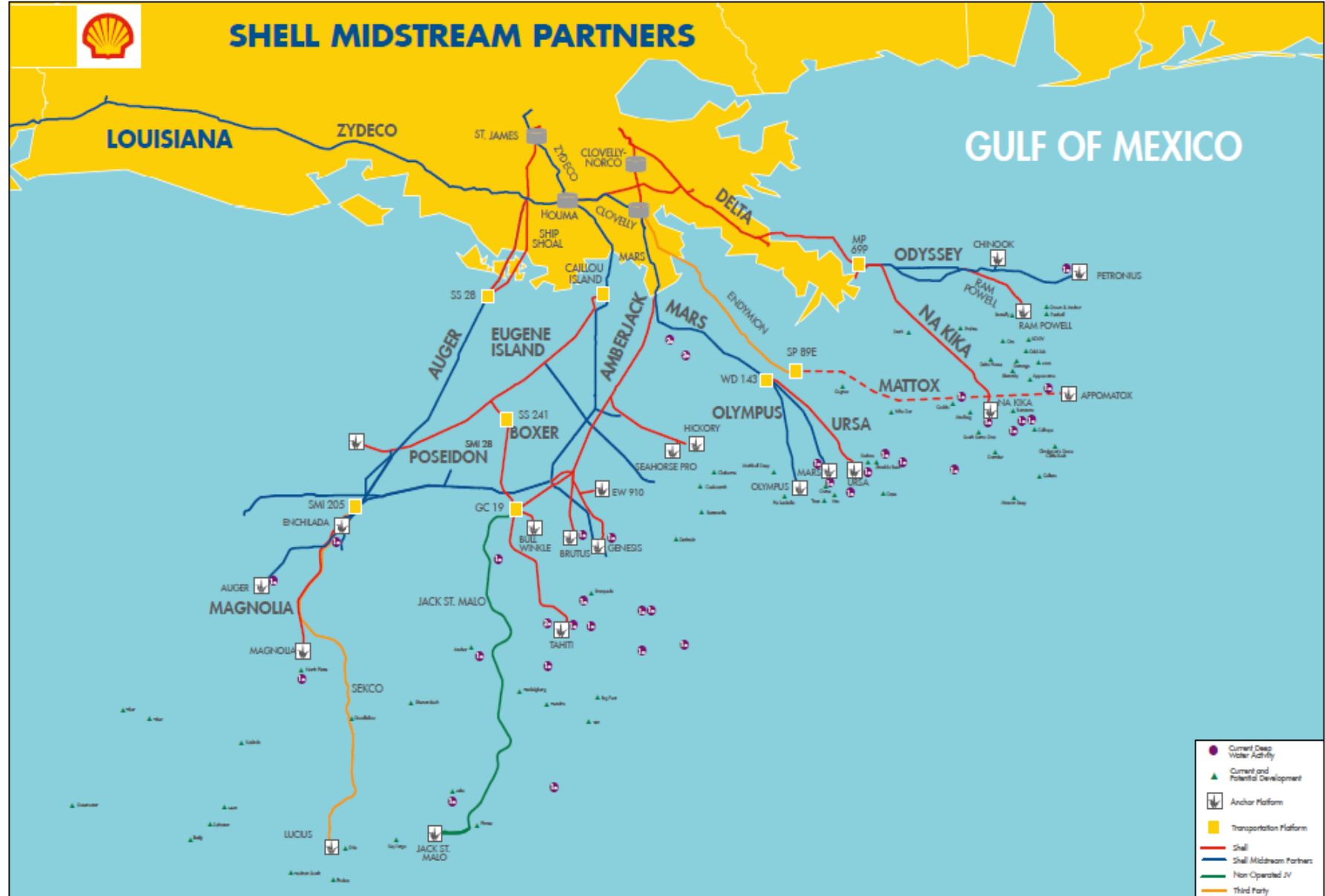


Corridor Strategy

Corridor pipelines stable to increasing over time



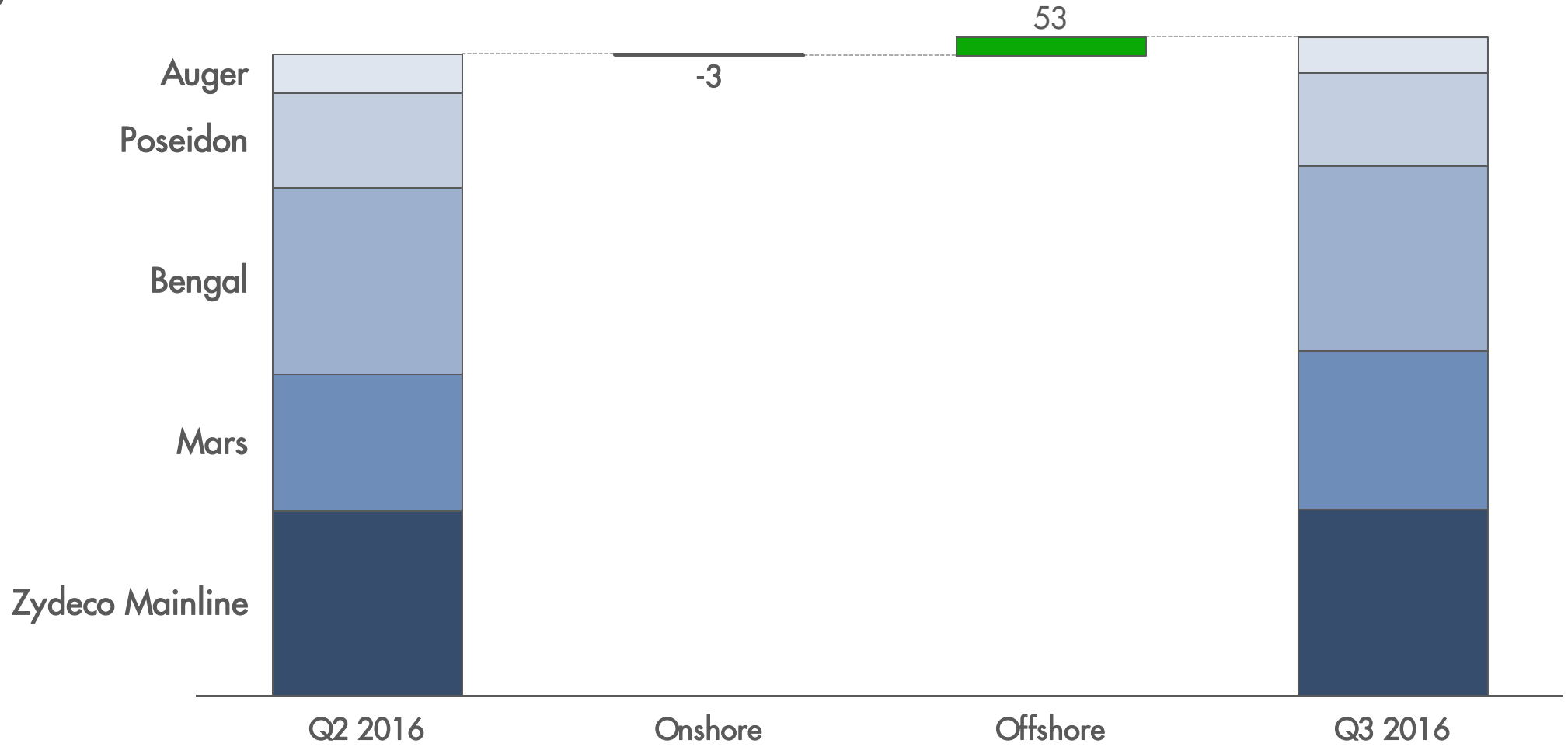
Activity in Gulf of Mexico



Activity remains robust in and around the Shell Midstream portfolio



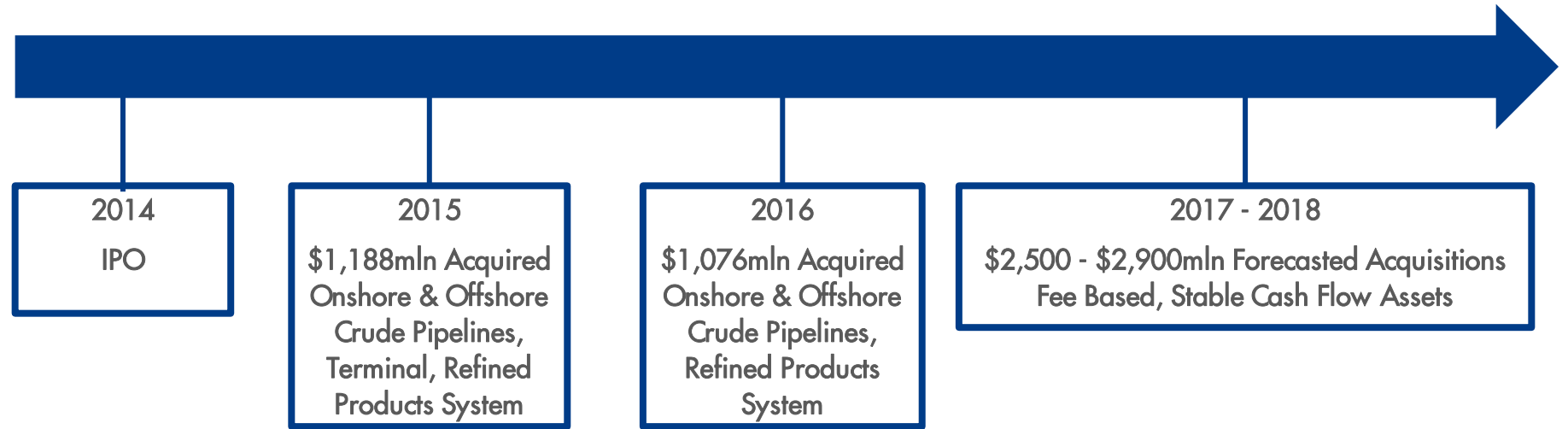
Throughputs Across the Portfolio



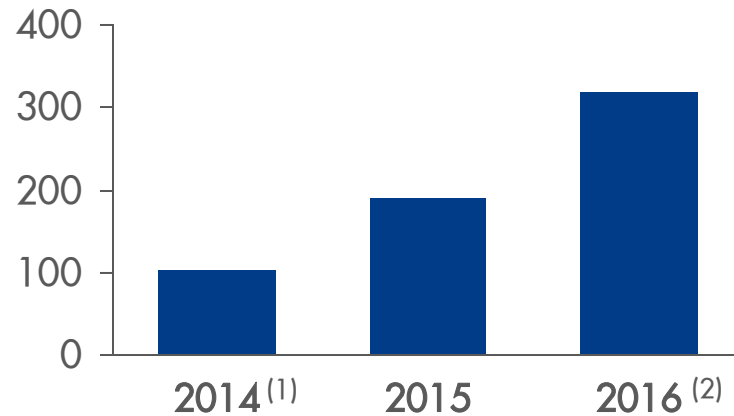
Volumes in kbpd , does not include throughputs from Colonial, Explorer, or Zydeco - Other Segments



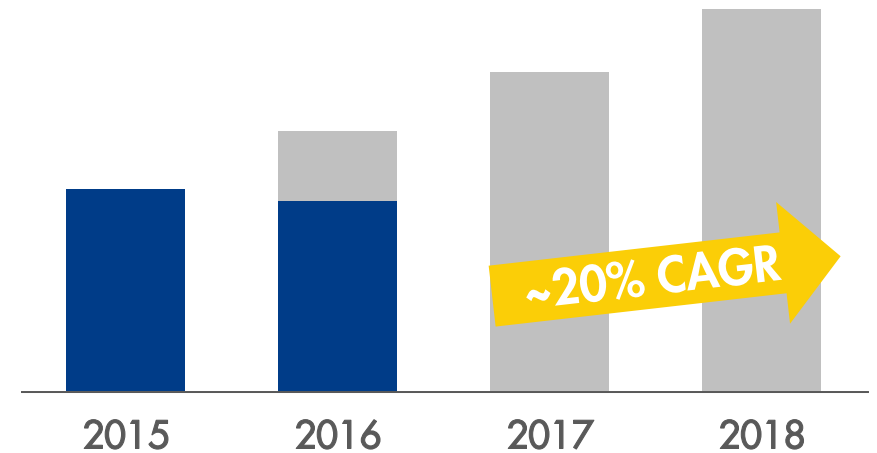
2017-2018 Growth Guidance



EBITDA, \$million



Historical and Targeted Distribution Growth



(1) Annualized Q4 2014 EBITDA

(2) Annualized Q3 NTM EBITDA, plus pro forma results of the acquisition of 20% Mars Pipeline and 49% Odyssey Pipeline effective October 1, 2016



Financial Results from Operations

(\$ million)	Three Months Ended	
	September 30, 2016	June 30, 2016
Revenue	67.9	71.1
Cost and Expenses	31.9	33.0
Operating Income	36.0	38.1
Income from Equity Investments	21.4	25.6
Dividend Income	4.2	4.6
Net Income	58.8	66.3
Net Income Attributable to SHLX	56.3	63.8
Adjusted EBITDA Attributable to SHLX ⁽¹⁾	68.0	77.1
Cash Available for Distribution ⁽¹⁾	61.1	69.7



(1) Non-GAAP measures. See reconciliation to GAAP measures in Appendix 1



Non GAAP Financial Metrics

(\$ million except per unit amount)	Three Months Ended	
	September 30, 2016	June 30, 2016
Adjusted EBITDA Attributable to SHLX ⁽¹⁾	68.0	77.1
Less:		
Net Interest Paid	1.8	1.0
Maintenance Capital Attributable to SHLX	7.0	6.7
Plus:		
Adjustments from Minimum Volume Commitments	0.8	(0.1)
Reimbursements from Parent included in Partners Capital	1.1	0.4
Cash Available for Distribution Attributable to SHLX ⁽¹⁾	61.1	69.7
Total Cash Distribution Declared	53.9	49.0
Cash Distribution per Unit	0.26375	0.25000
Coverage Ratio ⁽²⁾	1.1x	1.4x

(1) Non-GAAP measures. See reconciliation to GAAP measures in Appendix 1.

(2) Coverage Ratio is equal to Cash Available for Distribution Attributable to SHLX divided by Total Cash Distribution Declared.



Balance Sheet

(\$ million)	As of September 30, 2016	As of June 30, 2016
Cash and Cash Equivalents	161	169
Total Debt	344	344
Revolving Credit Facility Capacity (Inc. Zydeco)	970	610
Available Credit Facility Capacity (Inc. Zydeco)	625	265
Available Credit Facility Capacity (as of October 3, 2016 ¹)	325	



(1) Following acquisition of 49% interest in Odyssey Pipeline and 20% interest in Mars Pipeline



Questions and Answers

For further questions, please contact
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Q&A





Appendix 1 – Non GAAP Financial Measures

This presentation includes the terms Adjusted EBITDA and cash available for distribution. Adjusted EBITDA and cash available for distribution are non-GAAP supplemental financial measures that management and external users of our condensed consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

- our operating performance as compared to other publicly traded partnerships in the midstream energy industry, without regard to historical cost basis or, in the case of Adjusted EBITDA, financing methods;*
- the ability of our business to generate sufficient cash to support our decision to make distributions to our unitholders;*
- our ability to incur and service debt and fund capital expenditures; and*
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.*

We believe that the presentation of Adjusted EBITDA and cash available for distribution provides useful information to investors in assessing our financial condition and results of operations. The GAAP measures most directly comparable to Adjusted EBITDA and cash available for distribution are net income and net cash provided by operating activities. These non-GAAP measures should not be considered as alternatives to GAAP net income or net cash provided by operating activities. Adjusted EBITDA and cash available for distribution have important limitations as analytical tools because they exclude some but not all items that affect net income and net cash provided by operating activities. They should not be considered in isolation or as substitutes for analysis of our results as reported under GAAP. Additionally, because Adjusted EBITDA and cash available for distribution may be defined differently by other companies in our industry, our definition of Adjusted EBITDA and cash available for distribution may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

References in this presentation to Adjusted EBITDA refer to net income before income taxes, net interest expense, gain or loss from disposition of fixed assets, allowance oil reduction to net realizable value, and depreciation, accretion and amortization, plus cash distributed to Shell Midstream Partners, L.P. from equity investments for the applicable period, less income from equity investments. We define Adjusted EBITDA attributable to Shell Midstream Partners as Adjusted EBITDA less Adjusted EBITDA attributable to noncontrolling interests. References to cash available for distribution refer to Adjusted EBITDA attributable to Shell Midstream Partners, less maintenance capital expenditures attributable to Shell Midstream Partners, net interest paid, cash reserves and income taxes paid, plus net adjustments from volume deficiency payments attributable to Shell Midstream Partners and certain one-time payments not reflected in net income. Cash available for distribution will not reflect changes in working capital balances.

